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TOP OF THE WEEK

Broadcasters win big on license terms

Radio up to seven years, TV up to five under bill passed by Senate-House conferees; many elements of deregulation package abandoned in compromise

Broadcasters scored a major victory on Capitol Hill last week when Congress voted to extend radio license terms to seven years and TV licenses to five years (both are now just three). House and Senate Commerce Committee conferees agreed to the change after days of tense and sometimes acrimonious debate over a series of broadcast deregulation and license fee provisions included in a mammoth spending bill.

Along with extending terms, Congress agreed to allow the FCC to use a lottery when awarding initial licenses, to fund public broadcasting at $130 million annually for fiscal years 1984, 1985 and 1986 and to make "payoffs" by broadcast license renewal applicants to competing applicants illegal. Stricken from the budget bill were provisions to establish license fees for providers of telecommunications services, to make radio license terms indefinite, to end comparative license renewal proceedings, and to eliminate requirements for news and public affairs programing, ascertainment of community needs, program logs, and commercial time limits. Also stricken was a provision to provide for eventual VHF service in New Jersey.

Of provisions dropped from the bill, the one eliminating comparative renewals is the biggest loss for television broadcasters. Radio requirements for program logs, commercial time limits, ascertainment and news and public affairs programs have already been eliminated by the FCC (BROADCASTING, Jan. 19), although putting them in a statute would have made them much less vulnerable to change.

The new, longer license terms go into effect with a broadcaster's next license renewal.

Commerce Committee conferees had been deadlocked for nearly a week over the communications measures (BROADCASTING, July 27) while House Telecommunications Subcommittee Chairman Timothy E. Wirth (D-Colo.) adamantly refused to consider them as part of a budget package. They had been added to the package by the Senate Commerce Committee (BROADCASTING, June 15), whose members argued they would save up to $4 million in government spending.

Pressured by House and Senate leadership to complete their portion of the giant budget bill, conferees met Saturday and Sunday, July 25-26, with Senate conferees refusing to accept measures covering transportation and the Consumer Product Safety Commission unless House conferees accepted communications provisions. Senator Bob Packwood (R-Ore.), chairman of the Commerce Committee, was the sole Senate conferee present at the weekend sessions, but he had the support of all four other Senate conferees. Although six House Republican conferees urged acceptance of the communications measures, Energy and Commerce Committee Chairman John Dingell (D-Mich.) controlled all eight Democratic votes and agreed with Wirth to stand firm through Friday night and Saturday morning.

Packwood broke the stalemate Saturday afternoon by offering to drop all communications provisions from the bill except 10-year license terms for radio and five-year terms for TV. Although Wirth stood firm, Dingell acknowledged Packwood's concession and opened a series of behind-the-scenes discussions with Packwood, Wirth and staff that continued through Monday morning.

Packwood opened discussion Monday by proposing the five- and seven-year terms for TV and radio, lotteries for initial licensing, license fees, provisions for a New Jersey VHF station, three-year funding for public broadcasting at $140 million annually, "pay-off" restrictions for competing license renewal applicants and crossownership provisions passed last year by the House in a bill (H.R. 6228) introduced by Representative Al Swift (D-Wash.). House conferees tried to amend the Swift bill provisions to allow the FCC to deny renewal to stations if it found management at all of an applicant's co-owned stations to be deficient.

Senate conferees rejected this and made their final offer, dropping the Swift bill and license fees and reducing public broadcasting's funding level to $130 million annually. Although Senate conferees had bargained through Saturday with transportation and consumer measures, they changed their strategy Sunday by tying broadcast deregulation legislation to funding for public broadcasting.

At the end of the day, Packwood had won most of the broadcast deregulation marbles, but Wirth could still claim victory. Dingell was the key to the compromise.


Packwood


Dingell


Wirth

At noon Monday, conferees accepted Packwood's last offer. House conferees said they'd accepted lotteries for initial licensing on condition that they be weighted to promote greater diversity of ownership and to award licenses to minorities and women. They also agreed that lotteries are in the public interest, especially in light of the FCC's logjam of low-power TV applications.

Report language accompanying the final bill will reflect, said Packwood, that conferees are highly sympathetic to New Jersey's lack of VHF service, but were unable to agree to provisions for it in the budget bill.

Packwood eliminated license fee provisions from his final offer, saying they are tied to deregulation measures that were stricken from the bill and will not be passed without them.

Wirth emerged from the conference claiming victory because deregulation legislation had been eliminated from the bill. "Extending licenses, using lotteries to solve the FCC's backlog and [payoff] provisions do not get into deregulating broadcasting," he said. He also claimed victory in conferees' acceptance of most of the House provisions for public broadcasting. Frank Mankiewicz, president of National Public Radio, said the agreement is a "great victory for public broadcasting" that "gives us time on turn-around for alternative sources of funding."

In addition to funding the Corporation for Public Broadcasting at $390 million from 1984 through 1986, the final bill funds facilities planning and construction at $20 million, $15 million and $12 million in fiscal years 1982, 1983 and 1984, respectively. Conferees eliminated a Senate proposal to restrict this funding to new facilities.

Accepted were House proposals to restrict CPB's control over disbursement of its funds, allocating 75% of funds available after CPB operating expenses to station community service grants and 25% to national programing. Stations and NPR representatives favored this provision while CPB board members fought it vigorously.

CPB's board will be reduced from 15 members to 11, with one TV station representative and one radio station representative included in that membership. New restrictions will be placed on board members' reimbursement and per diem expense accounts.

Funds for CPB's operating expenses and fixed costs total about $13 million under the new legislation. Because funding levels are lower than present ones, conferees agreed that if fixed costs exceed 60% of the $13 million annual total, stations will pick up the balance of such costs. Fixed costs for CPB include satellite debt, copyright fees and half of public broadcasting's interconnection system.

Although Wirth claimed victory in the conference, many others believe the bigger victory went to Packwood. "Broadcasters got a freebie," said Samuel Simon, executive director of the National Citizens Committee for Broadcasting, who had led a battery of citizen groups and labor unions in an effort to defeat the measures included in the budget bill.

"This is a major success for broadcasters that cannot be minimized," he said. "If there's any silver lining in it, it will be that Congress will put aside its efforts to deregulate further for at least five years, until it has had a chance to see how broadcasters perform under the new regulatory scheme."

Ward White, chief counsel to the Senate Commerce Committee, said deregulation measures stricken from the bill will be advanced again, either as separate measures or part of another larger bill.

Although committee staff members discussed attaching them to common carrier legislation (S. 898), already passed by the committee, Packwood and other committee leaders have not yet decided how to proceed on the bills. It was Packwood, according to one observer, who originally decided to attach the series of communications bills pending in the committee to the budget bill. And it was Packwood's "remarkable determination," said that observer, that won congressional passage of some of those measures last week.

Vincent Wasilewski, president of the National Association of Broadcasters, called the extension of TV and radio license terms, "an importnat step toward our overall goal of full, First Amendment freedom for broadcasting." Kenneth Schanzer, NAB senior vice president for government relations, said "broadcasters and the public are the victors in this easing of costly and burdensome regulatory process."

The change in license terms took an important bargaining chip away from congressional opponents of broadcast deregulation, according to one industry lobbyist. "We're bargaining on a different level now," he said. "This was an important step in the long-term fight for deregulation."

During the week of negotiations, CBS and ABC affiliates and NAB representatives met with conferees. One conferee reportedly told a group of broadcasters, "even if deregulation fails this time around" there's a heightened awareness of the need for regulatory relief on the part of Congress.

Can't win 'em all. Although public discussion of communications matters in the budget package totalled perhaps 10 hours during the seven days conferees wrestled with the bill, behind-the-scenes sessions, where most of the action took place, consumed far more time, stretching on some days past midnight. Senate Commerce Committee staff reportedly spent hours walking House staff and leading conferees through proposed deregulation provisions and their probably effect on FCC and broadcast operations.

At one session, Senate counsel Christopher Coursen, who has represented broadcast stations in the past, is said to have described the comparative renewal process in great detail. But he was frequently interrupted by the House subcommittee's chief counsel, David Aylward. Energy and Commerce Committee Chairman John Dingell (D-Mich.) silenced Aylward, saying he "wanted to hear" what Coursen had to say.

An incident that nearly scuttled negotiations Sunday night (July 26) also involved Aylward. Senate Commerce Committee Chairman Bob Packwood (R-Ore.) walked out of the meeting, reportedly because he was offended by the House counsel's objections. The two patched it up the next day.

It's Mulholland

Tinker promotes TV network chief to be president of entire NBC organization; Ray Timothy to head NBC-TV; Segelstein role not yet public

NBC's new president and chief operating officer is Robert E. Mulholland.

Via closed-circuit feed to affiliates last Thursday (July 30), NBC Chairman and Chief Executive Officer Grant Tinker announced his choice for the current number-two slot. As promised, Tinker stayed in-house: Mulholland has been president of the NBC Television Network since August 1977. He had been considered the prime contender since the surprise announcement of Tinker's own appointment (BROADCASTING, July 6).

Stepping up to fill Mulholland's old job is Raymond J. Timothy, the network's executive vice president since September 1979.

While Tinker cleared up the mystery of the NBC presidency with Mulholland, he left unclear the occupational fate of another key NBC executive from the previous NBC administration of Fred Silverman. Of Irwin Segelstein, president of NBC Television, Tinker would be no more specific than to say, "I have in mind for Irwin a critical and most important assignment that will tap his considerable resources." Tinker added that "I have discussed that role with Irwin and you will be hearing about it in the near future."

Reached shortly after the taped presentation to affiliates, Tinker remained tight-lipped on Segelstein's upcoming responsibilities.

Whom Segelstein eventually will be reporting to also is a question without a definitive answer.

"At this point," Tinker explained, "Bob [Mulholland] has inherited him." However Tinker, in a candid style uncharacteristic of a chief executive still putting his team together, added that "I reserve the right to change my mind."

Until last Thursday's word on Mulholland's promotion, he had been reporting to Segelstein.

During the closed-circuit feed, Tinker made no mention of who was reporting to whom, throughout the company. He referred to coming "reassignments or rearrangements" but said that "I don't think wholesale comings and goings need be the order of the day. We've already got the best people. Let's make sure they're in the right jobs."

After the closed circuit, Tinker said that he expected the overall reporting order would be "nothing startling." Tinker said he didn't talk to affiliates about that because he didn't want "to obscure the simple importance" of the executive announcements.

Of his choice for the president's job, Tinker told affiliates:

"In the end, my decision has been made